

**Pleasant Grove City
City Council Special Meeting Minutes
Wednesday September 17, 2014
5:00 p.m.**

PRESENT:

Mayor: Michael W. Daniels

Council Members:

Dianna Andersen
Cindy Boyd
Cyd LeMone
Jay Meacham
Ben Stanley

Staff Present:

Tina Petersen, City Attorney
Kathy Kresser, City Recorder

Others: David Adams, Realtor

The City Council held a Special Meeting on Wednesday September 17, 2014 at 5:00 p.m. in the Council Chambers 86, East 100 South, Pleasant Grove Utah.

1) CALL TO ORDER.

Mayor Daniels called the meeting to order and noted that Council Members Andersen, Boyd, LeMone, Meacham and Stanley are present.

BUSINESS:

A. EXECUTIVE SESSION TO DISCUSS THE SALE OF REAL PROPERTY (UCA 52-4-205 (e))

Mayor Daniels called for a motion to go into executive session to discuss the sale of real property.

ACTION: At 5:18 p.m. Council Member LeMone moved to go into executive session to discuss the sale of real property. Council Member Andersen seconded. The motion passed with the unanimous consent of the Council.

PRESENT:

Mayor: Michael W. Daniels

Council Members:

Dianna Andersen
Cindy Boyd

Cyd LeMone
Ben Stanley
Jay Meacham

Staff Present:

Tina Petersen, City Attorney
Kathy Kresser, City Recorder

Others: David Adams, Realtor

Mayor Daniels asked for a motion to come out of executive session and go back into regular session.

ACTION: At 7:40 p.m. Council Member Andersen moved to come out of executive session and reconvene into regular session. Council Member LeMone seconded. The motion passed with the unanimous consent of the Council.

Attorney Petersen reminded that Council that they have talked about everything in executive session the actual action that Council wants to take needs to be made in open session. If the Council agrees to accept the offer then that is the action needs to be. If the Council decides to reject the offer then that is what the action needs to be. Mayor Daniels interjected that if the Council would like to delay the decision until we can get more information on the taxes then that is what the motion needs to be.

ACTION: Council Member Boyd moved to delay the decision on the offer that was presented to the Council in executive session for 24 hours to gather more information on the proposal regarding taxes. The motion died for lack of a second.

ACTION: Council Member Andersen moved to accept the offer of the Goddard's which will include a development agreement with the condition that if the proposal cannot be defined as such that the City will not receive a transient room tax or room tax then we don't move forward. The motion died for lack of a second.

ACTION: Council Member Boyd moved to continue the decision of the offer that was presented to Council in executive session for 24 hours to gather more information from the Utah State Tax Commission on the proposal regarding taxes. Council Member LeMone seconded. A voice vote was called for. Council Members Boyd, LeMone and Stanley voted "Aye." Council Members Andersen and Meacham voted "Nay." The motion passed with at 3-2 vote.

Council Member Andersen asked for clarification regarding the information on the property tax, are you just going to get a definition of what property tax we might receive. Attorney Petersen answered that what she is going to do is describe the project as it currently exists and explain the services that are being rendered and ask if this business came in for a business license and Utah State Tax ID Number what sales taxes would apply. Next she said that she would ask specifically about the room tax definition and if it applies to any business that rents a room for the night or does it have to be a hotel or Bed and Breakfast. If whomever she talks too tells her that City will only get taxes on the product that they are selling or for taxes on the food, she would then ask if there is a way to structure their definition of business so that the City can collect taxes for the rooms also.

Council Member Andersen asked what the verbiage will be for the development agreement. Do we want to include the transient room tax/room tax and that it will be a sit down restaurant with so many tables. Council Member LeMone said that she didn't necessarily want to know how many tables she just wants to make sure that it will be open to the public.

Mr. Adams wanted to clarify what the Council is asking for. If the Council is saying that you want the break even in 1 ½ years, meaning that you get back all of the money you wished you would have gotten on this property because you won't get the TRT, if you are not going to get the tax number then you don't want to sell? Attorney Petersen answered that the reason that the Council would be willing to accept the offer is because they have the opportunity to get the return of that money within a short period of time. Mr. Adams asked if 1 ½ years is that much different than 2 ½ months. Attorney Petersen replied that it is just not the TRT it is also the structure of the room sales tax as well. Council Member Meacham interjected that it is the total tax package. The only thing that the City is assured of getting is the property tax.

Mr. Adams remarked as your agent can I offer the Goddard's that if they pay full price and structure their sales tax however they want and not have a restaurant and not have a development agreement.

Mayor Daniels interjected that he would like to approach this in a different manner. The City has anticipated that the amount that we are asking for the sale of the property was substantially higher than what this offer is, whether or not that is realistic in the market place that's the expectation because we have a certain amount of money already invested in the property both in real cash and in development credits. With the current offer or the previous one that is on the table there is still a gap of what that expectation was and what the current offer is, whatever that gap is the Council is trying to figure out what tax options are available so we can create a development agreement to bridge the gap between what we thought we were going to get and what the offer is. Mr. Adams replied that that is very easy to explain to the Goddard's. The City is willing to take a discount on the price that they are asking if they can be assured that the income is going to be made back over the years in taxes and that the City needs one more day to consult with the Utah State Tax Commission.

Attorney Petersen noted that just as the Goddard's are on a tight time frame and they want an answer so they can announce at the convention, we are under the same pressure for us to get as much as we can for the property because we have committed the money from the sale towards our public safety building which is going to be on the General Election ballot. The money that we don't get out of the sale we will have to find it somewhere else.

Mr. Adams committed to being on the City's side and he just likes to ask the other questions. He then asked if he could approach the Goddard's and say that the Council is very positive about the offer, they are trying to make it work but they need to consult with the Tax Commission in order to be sure that they understand what tax benefits they will get with this proposal. He also requested that he take a written counter offer to the Goddard's that will include the verbiage for the development agreement. The Council agreed to Mr. Adams taking this approach.

Next the Council agreed to meet at noon on September 18, 2014 to discuss the findings from the Tax Commission.

Mayor Daniels called for a motion to adjourn.

2) **ADJOURN.**

Mayor Daniels called for a motion to adjourn.

ACTION: At 8:04 p.m. Council Member LeMone moved to adjourn. Council Member Meacham seconded. The motion passed unanimously with the consent of the Council.

The meeting adjourned at 8:04p.m.

Approved by the City Council on November 18, 2014

Kathy T. Kresser, CMC, City Recorder

(Exhibits are in the City Council Minutes binders in the Recorder's office.)